

25X1

Approved For Release 2004/11/03 : CIA-RDP82S00205R000100190008-6

23 June 1971

Economic and Military Reconstruction in
North Vietnam During May 1971

Introduction

This monthly report reviews economic developments within North Vietnam, including the receipt of economic and military aid and the construction of military facilities. These developments are selected on the basis of their relevance to North Vietnam's ability to continue supporting the war in Indochina and to restore the economy, and thus to their possible effect on the country's desire or need to negotiate a settlement of the current conflict.

25X1

25X1

State Department review completed

Approved For Release 2004/11/03 : CIA-RDP82S00205R000100190008-6

Excluded from automatic
downgrading and
declassification

25X1

Military

1. Military activity in North Vietnam during May was highlighted by the appearance of naval combatants south of the 20th parallel for the first time since 1965. Photography [] shows two Shanghai II-class motor gunboats at anchor just above the 19th parallel. []

[] Their presence suggests that Hanoi may be reestablishing its Southern Fleet, which has been inactive since the Gulf of Tonkin incident. Some other elements of North Vietnam's navy at present are unaccounted for and could also be deployed south of the 20th parallel. Expansion of naval activity has been expected [] when the receipt of five Shanghai II's from Communist China was first detected. [] brings to eleven the number of Shanghai II's identified in North Vietnam's inventory.

2. Hanoi's general upgrading of air, naval, and ground forces in the Panhandle apparently stems from the Son Tay raid in late 1970 and the recent Lam Son 719 operations, which raised the possibility that North Vietnam might be invaded. In addition to the extension of naval operations, during the past few months Hanoi has called for increased training and vigilance of local militia units in the area.

25X1

Air defense capabilities south of the 20th parallel have also been sharply expanded with the southward deployment of SAM battalions from the Hanoi-Haiphong region and construction activity at several airfields.

[redacted] expansion and improvement in progress at the Dong Hoi airfield, about 35 miles north of the DMZ. Some bomb damage has been repaired and both ends of the runway will be approximately 7,500 feet long when completed. Jet aircraft are not likely to be based here in the immediate future [redacted]

25X1

25X1

[redacted] However, the field may permit more southerly air defense reaction, or occasional forays against selected targets of opportunity some 60 miles into South Vietnam.

4. North Vietnam also began to repair Na San airfield, located about two-thirds of the distance between Hanoi and Dien Bien Phu. [redacted]

25X1

[redacted] Na San

airfield has been usable by light aircraft [redacted]

25X1

although the field has not been active [redacted]

25X1

Improvements to Na San are probably part of a general upgrading of air defense capabilities in northwestern North Vietnam.

25X1

Manpower

5. North Vietnamese newspapers for the first three to four weeks of May carried a steady flow of articles indicative of widespread recruiting and conscription. The army newspaper, for example, mentioned the enlistment in one province of youths from agricultural, fishing, and salt cooperatives. A Hanoi city paper stated that three reservists from a roster of 12 had just been called to duty from "factory X," identified in earlier press reports as an ordnance plant. Another newspaper praised two high school graduates who had elected to join the army rather than go on to the university. High School graduates called up in the May recruiting drive in Hanoi were told that after 3 years of military service they will be demobilized and given priority for university entrance without qualifying examinations,

25X1

25X1

25X1

[redacted] In 1965-68 induction averaged about 200,000 per year, but it dropped to less than 100,000 in 1969 when Hanoi shifted to a strategy of protracted warfare.

Economic Plans

7. Scattered references to a three-year plan (1971-73) have surfaced in the past few months following the usual announcement in December of the annual plan for 1971. [redacted]

25X1

25X1

25X1

[redacted] The plan might have been an outgrowth of a major pronouncement by Party Chief, Le Duan, in February 1970, which set forth guidelines for future economic development in North Vietnam, and which was preceded by an announcement in early 1969 that a long range plan for restoration and development of the economy was to be formulated.

8. The casual treatment of the new plan in the press seems to parallel the situation in early 1968 when a few references appeared to a three-year plan for 1968-70. The

25X1

25X1

dearth of references thereafter to a program for 1968-70 indicates that it had little practical significance. In any case, a marked shift in economic policy or of priority for the economy versus the war does not appear to have taken place or to be in the offing as a result of the latest three-year plan.

Industrial Reconstruction

9. Photography of the Thac Ba hydroelectric powerplant shows a continuing high level of construction activity and significant progress [REDACTED] The works completed indicate that installation of the generating machinery may already be taking place. [REDACTED]

25X1

25X1

Operation

of the Thac Ba powerplant will practically eliminate the system of power rationing that has been necessary since 1967.

25X1

[REDACTED] suggests a moderate tempo of construction activity. Some repairs apparently are being made to the Dong Anh substation that probably relate to approaching readiness of the Thac Ba powerplant. [REDACTED]

25X1

25X1

Agriculture

11. Current indications point to perhaps the most successful fifth-month harvest since 1965. Reportedly, the acreage devoted to rice, subsidiary and industrial crops during the current fifth-month season exceeds that of 1970 by nearly 40,000 hectares. It also was announced that acreage devoted to high-yielding spring rice had increased to about 60 percent of total rice planting, which would be almost triple the spring rice acreage of last year and result in an increase in rice output of about 200,000 tons. On this basis, rice production for the 1971 fifth-month harvest can be estimated at 1.6 million tons, or 14 percent more than in 1970. If weather proves favorable the larger tenth-month crop, which will be harvested during October-November, may also be above average and total rice output for the year 1971 could equal the record 4.5 million tons produced in 1965.

25X1

Approved For Release 2004/11/03 : CIA-RDP82S00205R000100190008-6

Next 3 Page(s) In Document Exempt

Approved For Release 2004/11/03 : CIA-RDP82S00205R000100190008-6

Conclusions

19. Military oriented activities continued to highlight North Vietnamese efforts during May. Induction of men into the army appears to have been substantial in the month, a trend that has been evident since Sihanouk's ouster from Cambodia in March 1970. The bulk of the troops could be ready to depart for the battlefields of Indochina at the outset of the 1971-72 dry season. High rates of infiltration during the coming dry season is suggested by pointed references in press statements for troop recruitment drives later on in 1971. The expansion of naval operations south of the 20th parallel and the recent additions to Hanoi's navy are probably related to the general upgrading of defenses in the Panhandle. Recent construction on airfields at Dong Hoi in the Panhandle and at Na San in the northwestern part of the country are the first major airfield improvements observed

Dong Hoi and Na San will not be major jet

bases, but they will increase operational flexibility and somewhat extend North Vietnamese air defenses.

20. North Vietnam apparently has adopted a three-year economic plan for 1971-73, but there is no evidence that it signals any major shift in economic policy or any reordering of national priorities. Industrial construction generally proceeded at the relatively slow pace typical of the past several years. One important construction project, the Thac Ba hydroelectric powerplant, probably will go into operation in the fall thereby removing a significant constraint on economic activity imposed by shortages of electric power. Early indications of a successful harvest of the fifth-month agricultural crop portend for 1971 perhaps the highest level of rice production since 1965.

25X1

TRANSMITTAL SLIP		DATE
TO		
ROOM		
REMARKS:		
<i>Attn:</i> 		
FROM: <i>/nu</i>		
ROOM NO.	BUILDING	EXTENSION

STAT

FORM NO 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

(47)

25X1

Approved For Release 2004/11/03 : CIA-RDP82S00205R000100190008-6

Approved For Release 2004/11/03 : CIA-RDP82S00205R000100190008-6